

Message Text

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ACTION NEA-13

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INR-10 L-03 NSAE-00 PA-04 RSC-01 PRS-01 SPC-03

USIA-15 TRSE-00 SAM-01 SAJ-01 ACDA-19 DODE-00 H-03

NSC-10 SS-20 FEA-02 INT-08 CIEP-02 AID-20 COME-00

EB-11 FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 OMB-01

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INFO USMISSION NATO

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY BONN

USMISSION EC BRUSSELS

USMISSION GENEVA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEL AVIV

USMISSION USUN NEW YORK

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1. SUMMARY. A RECENT LUNCHEON BY FOREIGN MINISTER FAHMY

WITH EUROPEAN AMBASSADORS IN CAIRO IS ILLUSTRATIVE OF THE PRESENT STATE OF EGYPTIAN-EUROPEAN RELATIONS. IN GENERAL THEY ARE GOOD, BUT NOT WARM. EXPECTATIONS BY EGYPT THAT WE STATES CAN CONTRIBUTE MORE TO EGYPTIAN DEVELOPMENT THAN THOSE STATES ARE WILLING OR ABLE TO DO, INABILITY OF EGYPT TO EFFECTIVELY INTERCEDE WITH OIL-PRODUCERS ON BEHALF OF EUROPEAN CONSUMERS, AND PRODDING BY FRANCE AND OTHERS FOR EGYPT TO TAKE A MORE INDEPENDENT POLITICAL COURSE WILL CONTINUE TO GENERATE UNEVENNESS IN RELATIONSHIP. END SUMMARY.

2. ACCORDING TO WEST GERMAN COUNSELOR HOLL, DISCUSSION DURING EC AMBASSADORS' LUNCHEON CONVENED ON FEBRUARY 5 WITH EGYPTIAN FONMIN FAHMY AS GUEST FOCUSED PRIMARILY ON ECONOMIC MATTERS AND ASSISTANCE WHICH FAHMY SAID EUROPEANS SHOULD BE PREPARED TO GIVE EGYPT FOR RECONSTRUCTION OF SUEZ CANAL. FAHMY IMPLIED DURING DISCUSSION THAT EUROPEANS, AS DC'S OWED EGYPT A DEBT WHICH COULD BEST BE PAID OFF BY LARGE-SCALE FINANCIAL ASSISTANCE. HE THREW OUT THE POSSIBILITY OF ONE BILLION DOLLARS AS AN APPROPRIATE FIGURE FOR DISCUSSION, AND ADDED THAT EUROPEANS SHOULD NOT BELIEVE "AS AMERICANS DO" THAT THEY COULD GET AWAY WITH CONTRIBUTING ONLY EXPERTISE IN EXCHANGE FOR ARAB MONEY.

3. SEPARATELY, FRENCH EMBOFF HAS TOLD US THAT AT BEGINNING OF LUNCHEON, FAHMY UNBURDENED HIMSELF OF EGYPTIAN "FRUSTRATIONS" AT ABSENCE OF SUBSTANTIAL EUROPEAN SUPPORT FOR EGYPT DURING AND SINCE OCTOBER WAR. EMBOFF SAID THAT FRENCH AMBASSADOR DE LEUSSE SAW IN THIS AN EGYPTIAN COUNTERATTACK AGAINST GOF, WHICH HAS CONTINUED TO CHAFE AT EGYPT FOR NOT PUSHING ITS HARDEST TO INCLUDE FRENCH IN ME SETTLEMENT PROCESS. IN SEPARATE CONVERSATION WITH AMBASSADOR EILTS, DE LEUSSE HIMSELF STATED THAT LUNCHEON WAS NOT PARTICULARLY SATISFACTORY, AND THAT THERE WAS NO COMMON VIEW OF HOW TO DEAL WITH EGYPT. DE LEUSSE COMMENTED, TOO, ON FAHMY'S LACK OF ECONOMIC EXPERTISE, INDICATING THAT EGYPTIAN FONMIN HAD LITTLE GRASP OF THE SUBJECT.

4. COMMENT: BOTH REPORTS OF FAHMY'S MEETING WITH EC REPS ILLUSTRATE PRESENT SOMEWHAT UNEASY STATE OF RELATIONS BETWEEN WE STATES AND EGYPT. FOR SOME YEARS, THE GOE HAS

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VIEWED EUROPE AS AN AREA WHOSE POLITICAL AND ECONOMIC RESOURCES COULD DO MUCH TO FURTHER EGYPTIAN INTERESTS. BEFORE THE OCTOBER WAR, THE THRUST OF EGYPTIAN POLICY WAS TO TRY TO MOVE EUROPE AWAY FROM THE UNITED STATES POSITION ON THE MIDDLE EAST AND TO ENCOURAGE, AS FAR AS THAT WAS FEASIBLE, AN ACTIVIST PRO-ARAB POSTURE ON THE PART OF THE VARIOUS EUROPEAN STATES. A SUB-THEME OF EGYPTIAN POLICY WAS TO MAINTAIN AND DEEPEN EUROPEAN ENGAGEMENT WITH EGYPTIAN

ECONOMIC DEVELOPMENT. UNTIL RECENTLY, BOTH POLICIES ACHIEVED ONLY LIMITED SUCCESS. EUROPEAN ECONOMIC ASSISTANCE, WHEN FORTHCOMING, WAS LIMITED TO RELATIVELY SMALL SUMS, GENERALLY TIED TO NATIONAL EXPORTS; AND THOSE FEW LARGE PROJECTS WHICH WERE DISCUSSED WITH EUROPEAN COMPANIES (SUCH AS SUMED, UNTIL THE APPEARANCE OF A US COMPETITOR) OFTEN ACHIEVED LESS THAN SATISFACTORY RESULTS. THE REASONS FOR THIS VARIED, AND IN CERTAIN CASES THE FAULT WAS PRIMARILY THAT OF THE GOE ITSELF. NEVERTHELESS, MANY EGYPTIANS IN THE POLITICAL ESTABLISHMENT DEVELOPED IN THE PROCESS AN IMPRESSION OF CONSIDERABLE EUROPEAN RESISTANCE TO EGYPTIAN NEEDS.

5. THIS WAS REINFORCED TO A CERTAIN EXTENT BY THE FACT THAT POLITICALLY, AND WITH SPECIFIC EXCEPTIONS SUCH AS FRANCE, MOST EUROPEAN STATES CONTINUED TO TREAD A BALANCE BETWEEN ARAB AND ISRAELI POSITIONS ON THE ME CONFLICT. ALTHOUGH THERE WAS DEVELOPMENT OF GENERAL POLITICAL TREND IN EUROPE TOWARD ARAB POSITION, IT OCCURED AT ALMOST IMPERCEPTIBLE PACE. OCCASIONAL VISITS BY GOE CABINET MEMBERS, AND GOE POLICY INITIATIVES TOWARD EUROPE OR MEDITERRANEAN STATES DURING 1972 AND 1973, DID LITTLE TO ACCELERATE MOVEMENT. IT WAS ALMOST INEVITABLE THAT OVER THE COURSE OF TIME A DEGREE OF EGYPTIAN FRUSTRATION DEVELOPED OVER PERCEIVED EUROPEAN UNRESPONSIVENESS TO THEIR POSITION. IN GOE'S VIEW, POLITICAL SUPPORT FROM EUROPE WAS GENERALLY TOO LITTLE, TOO LATE. PICTURE WAS OF EGYPT CONTINUALLY ATTEMPTING TO ATTAIN GREATER EUROPEAN POLITICAL AND FINANCIAL SUPPORT, AND CONTINUALLY FINDING THAT ITS EXPECTATIONS WOULD NOT BE MET.

6. DESPITE DRAMATIC MOVEMENT OF EUROPEAN STATES TOWARD MORE PRO-ARAB STANCE SINCE OCTOBER WAR AND IMPOSITION OF OIL BOYCOTT AGAINST "UNFRIENDLY COUNTRIES" BY ARAB OIL-PRODUCERS, THE ABOVE SITUATION GENERALLY STILL OBTAINS. FOR THE MOMENT, CONFIDENTIAL

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AND PRIMARILY BECAUSE OF DIFFICULTY IN FITTING EUROPEANS INTO PRESENT ME SETTLEMENT PROCESS PLUS FACT THAT IT IS NOT NECESSARY TO USE THEM AS POLITICAL LEVER AGAINST US, MONEY HAS OVERTAKEN POLITICS AS THE CENTRAL ISSUE. THE SAME ASPECT WHICH EXISTED PREVIOUSLY, OR EGYPTIAN TUGGING AT EUROPEAN SLEEVES IN ATTEMPT TO GAIN SOMETHING, CONTINUES. IN THIS RELATIONSHIP, THE EUROPEAN STATES REMAIN ON THE DEFENSIVE, WHILE GOE SEEKS MEANS OF PRESSURING THEM TO UNDERWRITE EGYPTIAN ECONOMIC DEVELOPMENT.

7. ONE NEW ELEMENT IN THIS DYNAMIC IS INCREASING ATTENTION WHICH IS BEING PAID TO EGYPT'S IMPORTANCE IN ARAB WORLD, PARTICULARLY IN ITS POTENTIAL TO INFLUENCE ARAB OIL-PRODUCERS. FOR THE LAST SEVERAL MONTHS CAIRO HAS WITNESSED A CONTINUOUS PROCESSION OF EUROPEAN AND OTHER VIPS, MOST OF WHOM ASK FOR

EGYPTIAN INTERCESSION WITH SAUDI ARABIA AND GULF STATES TO LIFT THE OIL EMBARGO, INCREASE PRODUCTION, REDUCE PRICES, OR REACH CONCESSIONARY ARRANGEMENTS ON PETROLEUM. TO MOST OF THESE, THE GOE HAS REPLIED THAT IT CAN DO LITTLE TO HELP: AS FAHMY TOLD FRENCH MINISTER OF STATE FOR FOREIGN AFFAIRS LIPKOWSKI IN DECEMBER, "NOUS NE SOMMES PAS MAITRES DES JEUX".

8. UNDER THESE CIRCUMSTANCES, PRESENT STATE OF EGYPTIAN/ EUROPEAN RELATIONS CAN BE DESCRIBED AS GOOD, BUT NOT WARM. FOR THEIR PART, EGYPTIANS APPEAR TO EXPECT MORE OF THE EUROPEAN STATES THAN THEY ARE WILLING TO GIVE, AND EVEN FRENCH-INSPIRED PLAN FOR COOPERATIVE ARRANGEMENTS IN TECHNICAL FIELDS BETWEEN EC AND ARAB LEAGUE COUNTRIES (ROME 1094) SEEMS UNLIKELY TO MORE THAN PARTLY MEET GOALS SET FOR EUROPEANS IN GOE'S VIEW. ON THE OTHER HAND, ONE MAY EXPECT CONTINUED PRESSURE ON PART OF EUROPEANS FOR GOE TO EXERT ITS INFLUENCE ON OIL PRODUCERS TO MITIGATE PRESSURES OF CURRENT ENERGY CRISIS. FINALLY, IT WOULD SEEM THAT FRENCH OR OTHER EUROPEAN PRODDING AS EGYPT TO TAKE A POLITICAL COURSE MORE INDEPENDENT OF US--BOTH WITHIN ME SETTLEMENT CONTEXT, AND LATER--WILL CONTINUE TO GENERATE THE KIND OF NEGATIVE ATMOSPHERICS WHICH APPEARED DURING LUNCHEON BETWEEN ISMAIL FAHMY AND EC AMBASSADORS THIS WEEK.
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